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24 November 1954

**\*OGC Has Reviewed\***

**Memorandum for: Assistant Director for Personnel**

**Subject : Statement of Personal Finances**

1. Reference is made to your memorandum of November 1, 1954, indicating that consideration is being given to asking each employee during the out-processing period to furnish the Agency a statement of personal finances. In connection therewith, a form has been proposed and is attached to your memorandum.

2. It is the opinion of this office that some financial assessment would not be inappropriate to the out-processing period. This office, however, has some reservation to an extension of this procedure to all personnel. Our thought is that it would be more compatible to obtain statements of personal finances from those employees whose functions necessarily involve the receipt, disbursement, or control of funds or currencies and those whose duties are such that frequent access to or use of Agency funds is anticipated. Otherwise, we believe there may be some just reason for complaining that there is an unnecessary exposure of personal privacy transcending the normal employer-employee relationship.

3. We offer a short comment in connection with the proposed form entitled "Statement of Personal Finances". An enumeration or listing of an individual's outstanding debts is not necessarily determinative of financial liquidity without reference to other factors or an analysis of the type of debt involved. With respect to the latter, it is apparent that a person's indebtedness may be reflected in many ways - open accounts, time accounts, twelve to thirty-six month notes, and long term debts such as first and second mortgages. With respect to the former, from a financial assessment standpoint it would seem appropriate to relate an individual's liabilities, short and long term, to his assets and income; in short, a kind of balance

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sheet and profit and loss statement. It may not be desirable to delve as far as some forms require but those in use by mortgage loan companies, finance companies, banks, credit unions, etc., may be helpful in providing the desired safeguards.

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**Assistant General Counsel**

OGC:JBK:cst

cc: Subject ✓  
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